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PASS USTR FOR ALLGEIER AND DWOSKIN
EB/OT FOR CRAFT
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SUBJECT: MFA Begs for WTO Help

Refs: (A) Minsk 1159, (B) Geneva 2599, (C) Minsk 1393, (D) Minsk
1383, (E) Minsk 1355

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¶1. (SBU) Summary: One week after publicly lambasting the U.S. for "blocking" Belarus' WTO application for political reasons, Deputy Foreign Minister Mikhnevich summoned Ambassador to complain about the USG position and ask for assistance in moving forward. Ambassador replied it was the GOB, not USG, that politicized this issue, and that Belarus has had many opportunities in the past to make progress on its application. The USG has always been clear in its requests for information, while the Embassy's experience has been that the GOB is often dismissive of requests for data. Mikhnevich closed by asking to meet the U.S. delegation in Hong Kong to reach agreement on tariffs. End summary.

¶2. (U) On November 21, Deputy Foreign Minister Aleksandr Mikhnevich called Ambassador to the MFA to complain about the U.S. blocking Belarus from joining the WTO. Also present were Anton Kudasov, Deputy Director of the MFA's Directorate of Foreign Trade, and Pavel Pustovoy, of the MFA's Americas desk.

"U.S. Not Ready For Belarusian WTO Membership"

¶3. (U) Mikhnevich opened by explaining the GOB has the impression the United States is trying to block Belarus' WTO bid. He cited three "facts" proving this: 1) the GOB invited the U.S. to conduct bilateral talks on membership, but the U.S. refused; 2) Belarus needs an initial draft WP report, but the U.S. is blocking; and 3) twelve countries have told the GOB that Belarus is ready for membership, but the U.S. says it is too early. Moreover, Mikhnevich claimed the GOB has already answered "500" questions, yet the U.S. and EU keep giving more questions. Now the GOB is being asked to explain the Golden Share (ref D) and customs confiscations (ref E), even though the GOB "has already given all these facts." Mikhnevich did concede that Belarus does violate WTO rules and international norms with confiscations, but said the GOB is ready to "explain this practice in an intelligent manner."

¶4. (U) Mikhnevich lamented that the GOB does not know why the U.S. is causing such problems. He stressed GOB officials are ready to

discuss with their American counterparts in any format or venue, and that Belarus simply wants it clearly spelled out what the GOB must do next. Mikhnevich complained that, unfortunately, the USG has politicized Belarus' WTO application.

Who Politicized the WTO?

¶5. (U) Ambassador responded that it was the GOB, not the USG, that politicized this issue. He reminded that Mikhnevich himself held a press conference on November 11 denouncing the American position (ref C), and that President Lukashenko publicly accused the U.S. of blocking Belarus' WTO accession for political reasons on November 17. The GOB is blaming the USG for its own unwillingness to give the requested information. On the contrary, the USG stands ready to work with the GOB on the WTO, as long as the GOB is prepared to make real steps forward. Ambassador stressed there is no political element, the USG is only concerned about economic and trade issues. However, joining the WTO is not a game of poker, so the GOB should not think it can bluff or bluster its way into the organization. Ambassador stated that instead of political posturing, the GOB can either make concrete steps or withdraw its application. The USG cannot understand how the GOB does not know what to do next, since we have told the GOB many times over what is needed. He noted that Belarus has been a difficult WTO applicant, and U.S. negotiators cannot devote so much attention to a country that is unwilling to give basic information.

"Can the Embassy be a Neutral Party?"

¶6. (U) In reply, Mikhnevich asked if the Ambassador could serve as a "neutral party" and review the answers the GOB has provided to judge whether Belarus has supplied enough information. Ambassador retorted that the Embassy has asked several times for information

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on the use of the Golden Share and confiscations, only to be brushed off. "If that is how you answer in Geneva, it is no wonder Belarus has problems."

¶7. (U) Mikhnevich then maintained that "countries with ten times more trade with us than America" have no problem with Belarus' application. All the neighbors are happy with Belarus' trade policies, including Poland, who would support the GOB if it did not have to follow the EU position. [Comment: diplomats from all neighboring countries have complained to Econoff about Belarus' economic and trade policies many times.] Kudasov interjected that the Golden Share and confiscation may impact the investment climate, but have nothing to do with the WTO. He claimed no other country had to answer such questions.

What Next?

¶8. (U) Kudasov explained the GOB is closely watching Russia's WTO negotiations. He stated Russia and Belarus have "virtually identical" tariff regulations, therefore it can be expected the U.S. will have the same requirements of both Russia and Belarus. Anything else would be a sign of double standards. Mikhnevich, by this time heavily chain smoking, asked for a clear road map of what needs to be done. He exclaimed, "Even if you say Belarus is not a market economy and cannot join, we can accept that." Mikhnevich also complained that every time Belarus answers a question, new questions appear. He argued an initial draft WP report would show the GOB what it needs to do next.

¶9. (U) Kudasov asked if Belarus' delegation, headed by Mikhnevich, could meet the U.S. delegation in Hong Kong to solve the tariff question. He wants the USG to commit to demanding the same requirements from Belarus as it does from Russia. If the U.S. delegation refuses to do so, it will prove the U.S. applies double standards. Kudasov asked for a POC at the Embassy to pass answers

to, as it takes much longer to give information via Geneva. Kudasov also stated that Russia meets with the USG on WTO monthly, so Belarus would like the same treatment. Ambassador replied that above all the GOB should remain professional and avoid emotional political statements that only complicate the situation.

¶10. (U) Ambassador advised Mikhnevich that if he wanted to meet the U.S. delegation on the margins of Hong Kong he should make a formal request and also provide some material on the subject to prepare the U.S. delegation and also to convince them that such a meeting would not be a repetition of previous meetings in which the GOB has nothing new to offer. The U.S. is not interested in empty talk or political posturing over WTO, only concrete, professional discussions on trade issues. That has been and will remain the U.S. position. It is up to the GOB to respond, not the U.S., Ambassador observed. Ambassador suggested perhaps the Belarusian Embassy's Trade Counselor could discuss the situation with USTR in Washington before proposing a Hong Kong meeting.

Comment

¶11. (SBU) The GOB seems eager to cast the blame onto others for its own failure to meet basic WTO requirements. After years of failing to cooperate, the GOB now demands exceptional treatment from the U.S. Why Mikhnevich wants to meet the U.S. delegation in Hong Kong, after he so clearly did not want to cooperate in Geneva, may be due to the pressure he is under from the Presidential Administration to achieve WTO accession ASAP. We suspect Mikhnevich knows full well Belarus cannot accede without making necessary reforms. But he also knows his government cannot commit to reforms that would undermine the state's control over the economy. To get itself out of this predicament, the MFA has resorted to the blame game, as well as attempting to give the impression of active discussions with the U.S. Regardless, GOB trade policy currently seems to be constrained by the political orientation of the Lukashenko regime. Lukashenko wants Belarus to be part of the club of more economically developed countries (WTO), but not at the expense of loss of state control over the economy.

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